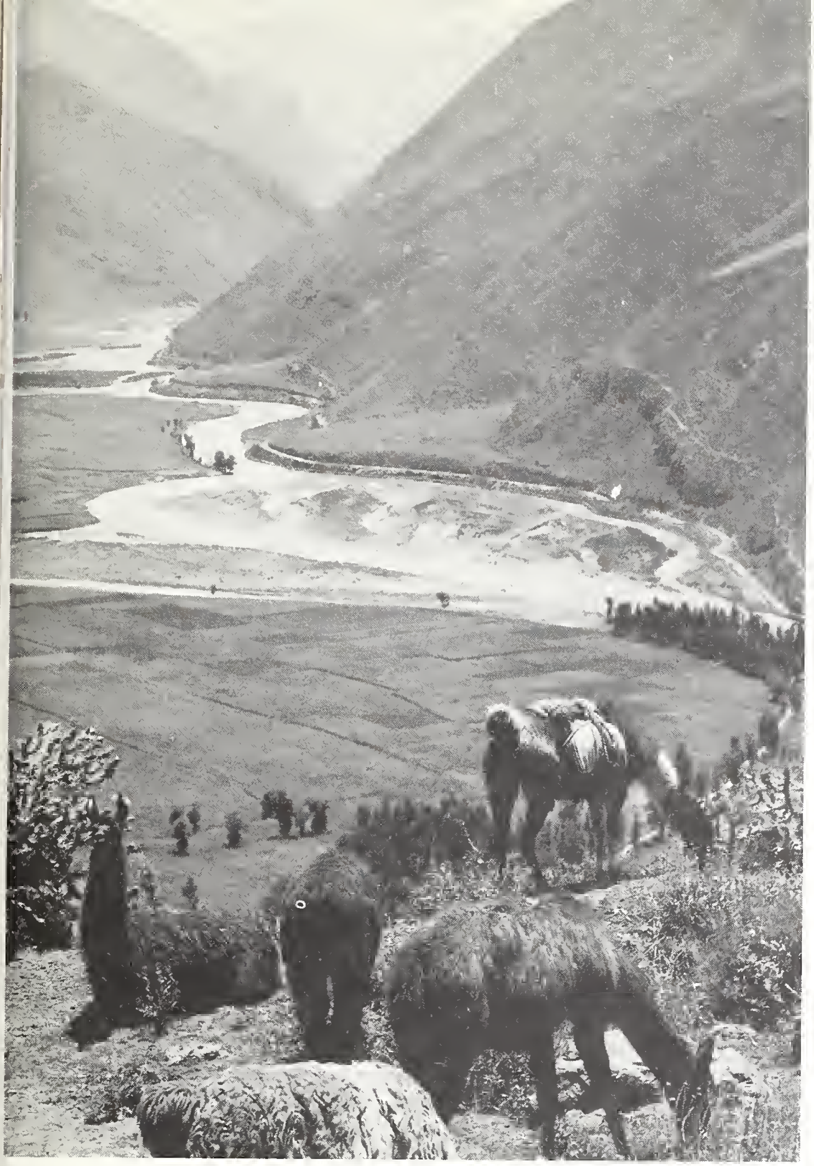
DECEMBER 25, 1967



FRANCE'S TROUBLED FARMERS

REPORT ON PERU'S AGRICULTURE

FOREIGN AGRICULTURE INDEX FOR 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE
Including FOREIGN CROPS AND MARKETS

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The mountains that rise from Peruvian valleys like this one are unsurpassed in beauty but great obstacles to agricultural production. For information on how Peru's agriculture is doing despite these limitations see page 6.

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France's Troubled Farmers

. . . a byproduct of agricultural change

By HAROLD L. KOELLER
Assistant U.S. Agricultural Attaché, Paris

French farmer hurls a stone during protests at Redon against low poultry, livestock prices. Photos this page, page 4 courtesy Gilles Caron-Gamma.

Modernization is often a painful process, as evidenced by the plight of the French farmer today. Never before has that farmer had so many people working to improve his lot, yet never has he been so restless and discontented.

Mirroring this dissatisfaction has been the increasing number of farmer demonstrations against the government, which culminated this fall in one of the most fiery protests yet. This demonstration, sponsored by the powerful National Farmers Union (FNSEA), reflected the continuing problem of low prices, this time for livestock and poultry products; increased competition from fellow members of the EEC; a lagging land consolidation program; and dissatisfaction with the level of government subsidies for structural reform and modernization. The government, while wanting to placate the farmers, is faced with the hard facts that solutions to problems will come slowly, in line with further farm modernization, and will require additional financing.

The gathering storm

The malaise that has been increasing in French agriculture is centered in Brittany, Normandy, central France, southwestern France, and, to a lesser extent, in eastern France, where small farms producing livestock are the general rule. Over the years, farmers in these regions have protested against a number of unfavorable developments, from low prices of apricots, peaches and other products in 1963, to low milk prices in 1964, to the recent drop in poultry and hog prices. The large, generally prosperous farms in the Parisian Basin and northern France, where grains and sugarbeets are produced, have generally not been involved in the demonstrations. Most wine growers also have not been involved, although in late November demonstrations did break out among growers in southern France against the lifting of a ban on imports of Algerian wine.

Most recent of the farmer disturbances started with occasional demonstrations by farmers in Brittany and elsewhere to protest low prices for broilers and other poultry. These low prices were mainly the result of a depressed market in West Germany—principal outlet for French broilers—which was glutted by sharply increased supplies from Dutch and German producers. At Morlaix farmers threw dead chickens into the mayor's office to emphasize their exasperation with the situation.

By the summer, poultry farmers generally had either shifted to hogs, weathered the crisis, or just gone out of the broiler business. As a result, market prices for poultry in Paris recovered to about the 1965 level. But prices to beef cattle and hog producers—who at times had associated themselves with the poultry demonstrations—began to deteriorate. Moreover, poultry prices also dipped again in the late summer.

By fall, cattle prices received by farmers were quoted by farm organizations at 10 percent lower than a year earlier, while hog prices were off 15 percent from 1966 and nearly 20 percent from the 1967 high in January.

Call for action

On September 14 the National Council of the Farmers Union held a day-long meeting to discuss the growing farm crisis and to decide what to do about it. The debate was heated. Representatives from livestock producing regions emphasized the problems of small producers who needed higher prices in order to earn a living and in many cases to pay off debts accumulated from purchases of equipment for modernizing their farms or expanding livestock production. Young farmer representatives maintained that income was low for all farmers except the grain and sugarbeet growers and that plans for government investments for the restructuring of agriculture included in the Fifth Five Year Plan had not been carried out due to insufficient funds.

A livestock representative pointed out that there are too many small farmers in Brittany even though thousands have migrated to the cities; that the remaining farmers were told to modernize their farms, to grow poultry, then to grow hogs. They have done these things, he said, but with low livestock prices they could not pay for their tractors, and at the same time that their meat was being put in storage, the Italians bought thousands of tons of meat in Argentina. He added that in the autumn there would be a "battle."

That evening the Farmers Union announced at a press

Farmer protesters gather at Redon (left) while others attempt to block highway at Le Mans (right).

conference that it was calling for farmer demonstrations throughout France on October 2, with local Farmers Unions organizing the protests at departmental and regional levels.

The Farmers Union announced the following general demands:

- An overall increase in prices of livestock products prices for 1968-69;
- A much larger increase in prices of livestock products than in cereals to improve the livestock-grain price ratio;
- Special assistance to cattle producers through a 10-percent price increase for beef cattle, and more effective price support for veal calves by the intervention agency (SIBEV).

The Farmers Union also demanded that intervention (support) prices be set closer to target prices (levels the EEC wants wholesale prices to approximate) and that new or improved regulations be adopted to assist producers of sheep, poultry, pork, fruits and vegetables, corn, and milk. It criticized the government's new ordinance and decree providing for modernization of underdeveloped regions, maintaining that the means and methods chosen were insufficient to solve the problems. And it deplored the insufficiency of credits for scholarships for farm children.

Day of action

Following up on these complaints, an estimated 120,000 farmers demonstrated throughout France on October 2 against the government's agricultural policy and the failure of the EEC to assure a decent living to small farmers. As expected, the most violent demonstrations occurred in Brittany, with most of the action at Quimper. There, demonstrators sacked the Gaullist Party (UNR) headquarters, started a small fire in the subprefecture where they attacked the building with paving stones and other objects and succeeded in breaking all its windows, burned some cars, and injured many policemen. Altogether, about 200 persons were injured; one farmer went to the hospital with a broken skull.

At Redon, also in Brittany, 10,000 farmers demonstrated, but with less violence. In Normandy, 15,000 farmers met peacefully at Caen, after which a few thousand of the more radical farmers finished the day by breaking windows in the prefecture.

In other parts of France, demonstrations were mostly peaceful meetings such as those in Alsace-Lorraine and the Burgundy-Lyons area, although eggs were thrown on the roads near Lyons to stop traffic, while near Bordeaux some telephone poles were cut down for the same purpose.

In central France, the so-called Committee of Guéret, representing small farmers in 14 departments, cooperated with the Farmers Union in carrying out demonstrations on October 2 and also called for more demonstrations on October 12 to dramatize their particular problems.

The Secretary of the National Farmers Union, Marcel Bruel, said on October 2 that the protests were a warning to the government and the Chief of State, who was scheduled to review agricultural problems and policies on October 3, that they must take account of large numbers of farmers who are disappearing and of all regions facing misery. The Farmers Union President, Mr. de Caffarelli, warned authorities against inertia, saying "wise heads are leading the peasants but if nothing is done the dangerous will take charge and anarchy and ruin will follow."

Newspapers reported that neither the government nor Paris observers anticipated the extent, seriousness, and violence of the October 2 demonstrations, which were described as the largest rural agitations since the 1964 milk strike.

Reaction to protests

On the day following the protests, French President de Gaulle held a Cabinet meeting at which he noted the serious crisis among small farmers, which he attributed to inevitable economic change. The President pointed out that the government had done much to facilitate the evolution of agriculture toward modern production methods and to mitigate the most serious social consequences. He recalled the Agricultural Orientation Law of 1960, the Complementary Law of 1962, and the recent series of seven ordinances (executive laws to be approved later by Parliament) which were intended to speed modernization of French agriculture.

It was generally expected that the government could not afford to ignore the farm crisis because of its political implications. But in the short run, there was little that it could do except to order intervention agencies to do a more effective job of supporting farm prices and to seek in the October EEC negotiations on 1968 agricultural prices to obtain some increases in prices for livestock products.

Over the longer run, the government could increase its

Small livestock and poultry farms like this one in southwest France are the source of much of the farmer unrest. Photo courtesy the French Ministry of Agriculture.

credits to regions in economic difficulty and take other measures requested by the Farmers Union to help modernize agriculture in the less developed regions. An essential part of such a program would be the retirement of an estimated 600,000 farmers who are over 60 years of age and the consolidation of their farms into economically viable units. (One of the new agricultural ordinances reduced from 65 to 60 the age at which farmers who retire under such conditions receive an annual pension for retiring and permitting their farms to be restructured.)

Analysis of the problem

The current farmer unrest in France is basically a problem of the many small farms—nearly 45 percent of which are still less than 50 acres in size—and the small livestock farms in particular. Farmers on these small holdings are unable to take advantage of modern equipment and techniques, yet most of them are held to their farms because they are too old to migrate to the cities and seek jobs but too young to retire.

This basic problem has been aggravated by the price relationships established by the EEC between livestock and feedgrains. French grain prices were originally the lowest in the Common Market and have had to be increased toward the Common Market level—a compromise between high German and low French grain prices. French livestock prices were not increased to the same extent so that small farmers who buy grains to feed their livestock have been caught in a price/cost squeeze which has gradually reduced their net income. Either feedgrains should be cheaper or livestock dearer if livestock production is to be profitable on such farms.

The problems of Brittany are in some ways more severe than those in other parts of the country, since that region is located in the extreme western part of France: feedgrains must be shipped west to the livestock farmers in that region, and their livestock products must be shipped east to markets in Paris and West Germany. Added to this geographic disadvantage, the 10-percent decline in beef cattle prices this year and the 15-percent drop in hog prices converted the region's difficulties into crisis proportions.

What the future holds

Although the small farmers' problems are real, it does not seem that farmer demonstrations will bring about a basic change in the government's agricultural policies. The real solution to France's farm problems remains structural reform of agriculture involving the retirement of elderly farmers, the consolidation of their small farms into economic units, the equipping of such farms with modern equipment to be used by well-trained young farmers, and finally the construction of modern, streamlined marketing facilities and organizations which will reduce distribution costs in order to give farmers a larger share of consumer expenditures.

The development of economic livestock farms also requires adjustment in the agricultural price structure toward more favorable livestock/grain price relationships. Although EEC grain prices are far above world levels, it is unrealistic to expect that European grain farmers would accept lower prices without resisting rather strongly. Consumers, on the other hand, are not expected to create any difficult political problems if prices of meat are increased slightly. Therefore, French farm leaders have emphasized increased prices of livestock rather than grain price cuts.

Ironically, the crisis came at a time when the government seemed to be doing more than ever to improve agriculture. Since its Agricultural Orientation Law of 1960, France has built up a program—called SAFER—to consolidate small holdings and sell them to efficient farmers. And in support of this program it has created the CNASEA (National Center for Improvements of Farm Structure) and several other quasi-government agencies to handle settlement and resettlement allowances, retraining of farmers, and pensions for retired farmers. (See *Foreign Agriculture*, issues of Sept. 9, 1966, and May 22, 1967, for more information on these programs.)

In view of present-day realities concerning the government budget and actions already taken it is believed that a considerable length of time will be needed to bring about the required improvements. Much more money is obviously needed for agriculture. Where it will come from is another question, which could be partially answered if funds were made available on the EEC level.

In the meantime, the government may be expected to take a number of palliative actions which will tend to ease the financial sacrifices required of the farmers being retired or modernized.

Farmers' initial hopes unfulfilled

France, with nearly half of the arable land in the EEC, fully expected to become the granary of the EEC when it agreed to become a member. If the difficulties limiting EEC outlets for French farm products and the present readjustment problems had been fully perceived by farm leaders 10 years ago, France might well have refused to join, since French industry was generally opposed.

However, if France in some way can succeed in restructuring and reorganizing its agriculture, it may yet become a major supplier of food products to its Common Market partners. The road to this goal is long, rocky, and expensive. It may be marked by more riots and protests along the way. But if France perseveres and receives some help from the EEC, it may eventually succeed.

Peru's Agriculture Appears To Be Emerging From Doldrums

Peru's agriculture has begun to show signs of perking up this year after 3 years of standing still.

With this recovery, the country is taking a sharp look at its balance of payments position, which was weakened considerably during those lean years. Measures to expand exports and limit nonessential imports are part of this new look and—along with increased competition in the wheat market from Argentina—could set back U.S. sales in Peru following their impressive gain this year.

Output rises 2 percent

Although there were various types of unfavorable weather conditions—especially in the mountain regions—during Peru's 1967 growing season, these occurrences were not as widespread nor as severe as in 1966. Thus, the country's total agricultural production is forecast to be up 2 percent from the poor 1966 level, with good gains in most of the important domestic food crops.

Production of rice—one of the biggest food crops—is believed to be up 17 percent from the 1966 level and nearly 30 percent from 1965 to 240,000 metric tons, milled basis. Wheat production is estimated at 140,000 tons, about the same as in 1966, while corn output has risen some 8 percent to 550,000 tons. Gains also occurred in most fruits and vegetables and most livestock products except beef.

Not all returns have been good for Peruvian agriculture, however, and the crops suffering the most are the important foreign exchange earners.

Cotton—Peru's largest agricultural export in value—has fallen an estimated 24 percent for its second straight decline. Behind this poor showing are an acreage diversion to other more profitable crops and much lower yields than in 1966.

Sugar production probably fell 42,000 tons to 800,000 as a result of a smaller harvested area and unfavorable weather conditions. Planted area, however, was about equal to that in 1966 production.

Also down from the previous year are vegetable oils, coffee, and beef.

Trade balance less favorable

Largely because of the big decline in cotton, Peru's agricultural trade balance this year will be the least favorable in decades. Currently, it is forecast at only US$12 million —compared with $37 million in 1966—continuing the downward trend that began in 1964.

Total agricultural exports by Peru in 1967 are forecast at $160 million—down 10 percent from shipments in 1966. Cotton shipments alone have fallen 32 percent in volume, and coffee sales have also dropped. Sugar exports, however, are expected to be up 18 percent.

Around 50 percent of these agricultural exports are believed to have moved to the United States, compared with 40 percent in the year before. Much of the increase is due to greater sugar sales in this country and to the overall decline in value of the cotton export, little of which goes to the United States.

Peru's imports of agricultural products, on the other hand, probably rose some 5 percent in 1967 to an estimated $148 million. Most of this increase has gone to the United States, whose share of the market is estimated to be up to 34 percent—$50 million—from 28 percent—$40 million—in 1966. The United States has sold more wheat and rice to Peru this year—over 50 percent of the total —but less dairy products and fresh fruits.

Agricultural development underway

With the aim of bringing its agriculture and trade into a more favorable position, Peru has taken several steps to expand output.

One of these is the "Un Million de Hectareas" development plan, under which new agricultural land is being opened up and old land improved. Progress on the plan this year included the opening of several irrigation projects along the coast and some further colonization activity in the jungle. Still, agricultural development has not been sufficient to meet goals under the plan.

Another program—the agricultural promotion law—has been tied up in Congress for nearly a year. In view of this holdup, the Executive Department issued a Supreme Decree on September 7 for the development of agriculture.

This decree—similar in many ways to the agricultural promotion bill—calls for a special line of credit and other privileges to agricultural cooperatives that undertake projects to industrialize agriculture; a prohibition on lending for industrial crop production on land previously used for food crops; lifting of certain taxes on sales of rice and other foodstuffs for which the government operates a maximum price program; restrictions on the sale of red meat so that poultry output might expand; and exoneration from all import duties and charges for imports of agricultural machinery, seed, breeding stock, fertilizers, insecticides, herbicides, and other agricultural inputs.

Some duties raised, sol devalued

The government's attitude toward agricultural imports, on the other hand, has become more restrictive, reflecting its need for increased revenues.

Effective June 5, 1967, the government raised the import duties on a number of agricultural and nonagricultural commodities from non-LAFTA countries. Although tariffs on most basic foodstuffs were not affected, increases were registered on the following items in which the United States has a trade interest: Fresh apples and pears, dried and preserved fruits, canned peaches, cigars, cigarettes, pipe tobacco, grain sorghums, barley, butter, cheese, and evaporated milk. In 1966, U.S. exports of these articles to Peru had an f.o.b. value of about $3.0 million.

The tariffs on some items—most important being powdered whole milk—were lowered, and waivers of the applicable duty on wheat were kept in force.

Earlier—March 10, 1967—the government had issued a Supreme Decree aimed at further protecting feedgrain producers. According to this decree, authorization to import feedgrains now depends on the availability of local corn, grain sorghum, and other feedgrains. It is believed that this action culminated the "unofficial" restriction situation on imports of these commodities which had existed since the latter part of 1965. No imports of corn for use in animal feeds or other grains have been reported since publication of the decree.

In recent months a number of producer groups have also

requested that the government place quantitative restrictions on the import of various farm products. Some of the commodities mentioned have been dairy products, meat, rice, and fresh fruits. No action has yet been taken, however, to limit imports of any of these products.

To further bolster its lagging economy and stop the drain on foreign exchange holdings, the Peruvian Government's Central Reserve Bank on September 1 suspended all sales of dollars, thus devaluing the sol. Since then, the rate of exchange has moved gently upward from the former PS26.82 to the dollar to PS38.00 to the dollar. As a result of the devaluation, the government has increased the controlled prices on a number of foodstuffs and is now looking into the possibility of adopting a foreign exchange certificate system.

Expansion seen for 1968

In view of these actions, plus more favorable prices to Peruvian farmers, the country's agricultural production is expected to increase further in 1968.

The currently favorable world prices for cotton and the devaluation of the sol should influence many cotton growers to expand their planted area in 1968—probably at the expense of rice and other food crops. Output of sugar may also increase, while coffee production will probably remain at the 1967 level. Despite plans to divert some land from rice to cotton, an increase is still expected in rice acreage and production. Barring extensive unfavorable weather conditions, production of most other foodstuffs should also gain.

The anticipated production recovery during 1968 will have a varying effect on agricultural imports. Peru's purchases of rice will probably decline as domestic output increases; but imports of such basics as wheat, vegetable oil, meat, and powdered milk are expected to gain at a rate about equal to population growth. Should the government attempt any balancing of trade by further restricting imports, overseas purchases of nonbasics like fruit, cheese, and canned products would decline.

Although U.S. wheat is not affected by the more restrictive trade measures, its market position in 1968 is also threatened because of Argentina's stepped up efforts to sell wheat. A major competitor in the Peruvian wheat market, Argentina this year has a good crop and has already sold Peru 90,000-100,000 tons of wheat, according to a U.S. wheat export team just back from Peru. As a result, the United States could see its share of the wheat market fall to a third in 1968 from a half in 1967.

—*Based on a dispatch from* Dalton L. Wilson
U.S. Agricultural Attaché, Lima

A Look at the Peruvian Sugar Industry

Above, a modern sugarmill in Peru, and right, cane goes through refining process. The sugar industry is Peru's No. 2 foreign exchange earner, behind cotton.

Crane (left) removes cane from field, and train (below) transports it to the factory. Yields from this cane, totaling 66-68 tons per acre, are surpassed only in Hawaii.

Further Favorable Weather Moves India Toward Record Grain Harvest, But Imports To Continue

India's foodgrain crop in 1967-68 may reach the country's plans for a record 95 million metric tons (see *Foreign Agriculture,* Nov. 6, 1967), according to latest reports. If realized, this harvest would be far above the disaster crops of 72.3 million and 76 million tons in 1965-66 and 1966-67 and 7 percent above the previous best year—1964-65.

It will not, however, eliminate the need for imports next year, since farmers will be replenishing stocks and the government building a buffer stockpile of 2-3 million tons. As a result, India in 1967-68 will be seeking to keep imports near the fiscal 1967 level of 9.4 million tons.

Weather favors production

Much of the credit for the crop improvement, of course, must go to the weather, which so far has been generally favorable. Also behind the recovery are the increased use of fertilizer, high-yielding varieties, and other inputs. Moreover, there have been reports that parts of Uttar Pradesh and other States generally sown to sugarcane were diverted to high-yielding grains, whose returns per acre were higher than sugar's.

Harvesting of the first rice crop and summer coarse grains (corn, sorghum, and millets) is about completed in most parts of the country. Based on preliminary reports, it looks as if this harvest will amount to 67 million tons —41 million of rice, 10.5 million of grain sorghum, 5.5 million of corn, 5.5 million of spiked millet, and 4 million of other millets. Yields from these grains are reported to be at record levels.

As is usual in such a large country, crop damage from the floods, drought, and pests has been reported in some areas. But this crop damage, while hard on the affected areas, does not seem to have materially changed the otherwise bright picture for the country as a whole.

This year's winter foodgrain crops (wheat, barley, and chickpeas and other pulses) are currently being planted on an extensive scale. Plans are to plant 6-7 million acres with the high-yielding varieties of wheat, against 4 million last season. No lack of seed or fertilizers has been reported from any part of the country, and light showers in Delhi, Punjab, Haryana, and other northern parts of the country in the last half of October considerably aided preparatory tillage and sowing operations. Assuming average weather from now until March, the total winter foodgrain harvest could reach or exceed 30 million tons, against 23 million last year and 27 million in the 1964-65 season.

As new-crop market arrivals gather momentum, the supply position for rice and coarse grains should improve materially, and prices should ease. In fact, there has already been a substantial decline in the prices of these grains in several producing areas.

The wheat situation will continue difficult at least until April when the new crop starts reaching the markets. Present levels of central government reserves are low, but replenishment appears forthcoming in the form of imports. The U.S. Government recently authorized negotiations for the sale of 3.5 million tons of foodgrain under Public Law 480 to be provided in the first half of 1968. Negotiations will take place in New Delhi between U.S. Embassy and Indian officials.

Farmers replenishing their stocks

The net increase in market supplies of grain this year may not be commensurate with India's production gain, as the provident farmers will give priority to rebuilding their depleted emergency reserves, which have been virtually exhausted over the past 2 years.

Furthermore, government plans provide for mopping up larger surpluses from domestic procurement for building buffer stocks and meeting the country's rationing needs.

Statutory rationing—which was enacted following the short crop of 1965-66—will probably continue in its present form in the larger cities and industrial towns throughout 1968, with demands from consumers for an increase in rations from the low levels of 1967. The increase in requirements on this score, however, is likely to be more than neutralized by a sharp reduction in informal rationing in Bihar and other areas that were hit by drought early this year. Total government distribution needs for 1967-68 are expected to approximate 10 million tons—much of which will have to come from imports.

The government's zonal system of grain distribution—which prohibits the free flow of grain from one State to another—also appears destined to stay for a while. This was tested recently by the Haryana Government, which wanted to avoid a glut in supplies and a depression in prices by shipping coarse grain to other States. It sought the permission of the Union Food Ministry for unrestricted exports of these grains, but the government refused the request on the grounds that liberalization of trade must be on a national, not statewide, basis. As a result, Haryana grain can move to other Indian States only with special permits.

—Based on a dispatch from
JAMES H. BOULWARE
U.S. Agricultural Attaché, New Delhi

Japanese Feed Output Drops

Production of manufactured feed during the first half of the current Japanese fiscal year (April-September 1967), at 4.45 million tons, dropped 3.4 percent from that of the same period a year earlier. However, for the remainder of the year, current indicators point to an expansion of about 5 percent when compared with the second half of fiscal 1966.

The decline in the first half of the year resulted entirely from a drop of 10.8 percent in production of hog rations, reflecting the lower number of hogs on feed.

The anticipated rise in output during October 1967-March 1968 is based on an expected sharp increase in broiler feeding. After January, the number of hogs on feed is expected to rise as a result of higher pork prices and heavy breeding in recent months.

JAPANESE FEED PRODUCTION DURING APRIL-SEPTEMBER

Feed type	1966	1967
	Metric tons	*Metric tons*
Chick starter	525	441
Broiler	300	314
Layer	2,043	2,042
Hog	1,181	1,054
Dairy cattle	414	434
Beef cattle	49	81
Others	92	75
Total	4,604	4,450

Weekly Report on Rotterdam Grain Prices

During the period ending December 13, 1967, Canadian and U.S. soft wheat offers in Rotterdam decreased, while U.S. hard wheat prices increased. Argentine wheat prices were unchanged.

U.S. and South African corn prices increased. Argentine corn prices declined.

Item	Week ending Dec. 13	Week ending Dec. 6	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.06	2.08	2.18
U.S. No. 2 Dark Northern Spring	1.98	1.97	2.08
U.S. No. 2 Hard Winter, 12 percent	1.88	1.87	1.92
Argentine	1.92	1.92	1.90
U.S. No. 2 Soft Red Winter	1.77	1.79	1.92
Corn:			
U.S. No. 3 yellow corn	1.44	1.39	1.65
Argentine plate	1.80	1.81	1.82
So. African white	1.45	1.44	(1)

[1] Not quoted.

NOTE: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

Peru Reduces Wheat Import Tax

The Peruvian Government on November 25, 1967, issued a decree which eliminated the customs assessment of 1.5 percent ad valorem on wheat imports. This 1.5 percent assessment did not apply to wheat imported from LAFTA countries and provided LAFTA wheat a price advantage equivalent to about $1.00 per metric ton compared with wheat from non-LAFTA countries.

Australia Increases Grain Storage Capacity

According to a recent announcement of the New South Wales Grain Elevator Board, a new 300,000-bushel bulk wheat terminal will be completed during November at Aberdeen in the Upper Hunter area of the State. Officials of the Board have indicated that New South Wales will have a 135- to 140-million-bushel storage capacity by the end of 1967.

Next year the Board is planning to spend another $10 million for additional storage. The new facilities, plus modifications of existing housing at Sydney and Newcastle, will increase handling to 180 million bushels per year. With reasonable continuity of shipping, the Board claims its facilities could move 200 million bushels.

Grain storage facilities are strained in other States, particularly Queensland and Western Australia, as well as in New South Wales.

The Queensland State Wheat Board is currently completing 3.3 million bushels of new storage facilities, bringing total capacity to 22.4 million bushels. The Queensland Board also has plans for constructing an additional storage silo. However, it is uncertain whether it will be located at Gladstone, site of present facilities, or at Port Alma, which is another possible location that is also being considered.

All grain-handling facilities in Australia are financed by the Australian Wheat Board with funds of the Wheat Pool. All grain farmers, therefore, share the cost of the new equipment as it is built.

U.S. Cotton Exports Announced

U.S. cotton exports during the first 3 months (August-October) of the 1967-68 season totaled 796,000 running bales, a reduction of 20 percent from the same period a year earlier. Total exports to Europe were about 50,000

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Destination	Year beginning August 1: Average 1960-64	1965	1966	Aug.-Oct. 1966	Aug.-Oct. 1967
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	3	4	(1)	1
Belgium-Luxembourg	121	43	52	17	10
Denmark	14	7	8	1	3
Finland	17	8	15	4	2
France	319	108	163	38	26
Germany, West	269	92	159	54	25
Italy	345	102	263	63	57
Netherlands	110	38	31	5	4
Norway	13	10	10	4	1
Poland & Danzig	125	42	78	4	26
Portugal	21	6	1	0	(1)
Spain	74	10	1	(1)	(1)
Sweden	81	59	71	19	17
Switzerland	74	35	79	21	20
United Kingdom	244	131	153	37	28
Yugoslavia	112	169	139	4	4
Other Europe	17	12	11	1	3
Total Europe	1,979	875	1,238	272	227
Australia	61	33	17	3	7
Bolivia	7	4	9	1	0
Canada	353	269	297	39	49
Chile	18	3	3	(1)	(1)
Colombia	3	57	1	1	0
Congo (Kinshasa)	6	25	34	4	(1)
Ethiopia	9	20	9	1	3
Ghana	1	1	15	3	1
Hong Kong	148	94	183	51	50
India	314	63	289	16	71
Indonesia	40	(1)	161	49	0
Israel	15	5	2	1	1
Jamaica	4	5	5	1	(1)
Japan	1,192	705	1,293	319	190
Korea, Rep. of	261	301	372	75	107
Morocco	12	12	14	3	3
Pakistan	14	6	3	1	(1)
Philippines	123	93	134	36	18
South Africa	41	27	38	8	3
Taiwan	209	178	373	76	42
Thailand	34	55	70	19	16
Tunisia	2	13	15	4	3
Uruguay	6	(1)	0	0	0
Venezuela	8	5	1	(1)	0
Vietnam, South	46	73	66	4	0
Other countries	18	20	27	8	5
Total	4,924	2,942	4,669	995	796

[1] Less than 500 bales.

bales below last season and those to Japan were down more than 100,000.

Cotton exports in October amounted to 275,000 bales, compared with 277,000 in September and 306,000 in October 1966.

Swiss Cotton Imports To Decline

Imports of cotton into Switzerland are expected to fall to about 150,000 bales this season, because of lower mill activity and a relatively large carryover of raw cotton. Raw cotton stocks at the end of the 1966-67 season totaled 133,000 bales, up from 101,000 a year earlier. Imports have been slow pending reduction in the large stocks.

Switzerland's imports of raw cotton during the 1966-67 season totaled 217,000 bales, compared with 169,000 the previous season. Switzerland bought more cotton from all of its major suppliers with the exception of Mexico. The major suppliers during the 1966-67 season, with 1965-66 figures in parentheses, were: the United States 45,000 bales (30,000); Peru 43,000 (36,000); Egypt 30,000 (17,000); Mexico 28,000 (35,000); Turkey 15,000 (12,000); and Brazil 12,000 (9,000). The United States supplied Switzerland with 21 percent of its total cotton imports, compared with 18 percent in the preceding marketing year.

Switzerland's cotton consumption this season appears likely to fall slightly below the 185,000 bales used during each of the 2 preceding seasons. Reportedly, the spinning section of the textile industry has been faced with lower profit margins in recent months. Also, cotton textiles continue to meet increasing pressure from manmade fibers, especially from noncellulosics.

Norway's Tobacco Imports Up

Norway's imports of unmanufactured tobacco in the first 6 months of 1967 totaled 5.2 million pounds, compared with 4.5 million in January-June 1966. The United States supplied 70 percent of the 1967 imports, compared with 66 percent in the first half of last year. Imports from South Korea totaled about 500,000 pounds in both periods. Purchases from Mozambique were 388,000 pounds this year, against none in January-June 1966; there were no reported imports this year from Rhodesia, which supplied 356,000 pounds in the first half of 1966.

NORWAY'S TOBACCO IMPORTS

Origin	January-June 1966	1967
	1,000 pounds	*1,000 pounds*
United States	2,969	3,602
South Korea	494	518
Mozambique	0	388
Greece	11	227
Canada	162	73
Malawi	69	72
Taiwan	133	67
Japan	0	55
Rhodesia	356	0
Others	273	159
Total	4,467	5,161

Australian Tobacco Imports Dip Slightly

Australia's imports of unmanufactured tobacco in July 1966-June 1967 totaled 27.0 million pounds—a little below those of the 2 preceding fiscal years. Takings of U.S. leaf, at 19.5 million pounds, were up nearly 1 million from 1965-66 and represented 72 percent of the total, compared with 67 percent of the total for the preceding 12 months.

Major suppliers of leaf to the Australian market in 1966-67, other than the United States, included South Africa 3.8 million pounds, Greece 1.4 million, Mozambique 575,000, and South Korea 499,000. There were no reported imports from Rhodesia in 1966-67, compared with 4.6 million in 1965-66.

AUSTRALIA'S TOBACCO IMPORTS

Origin	Fiscal year (July-June) 1964-65	1965-66	1966-67
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	15,709	18,777	19,502
South Africa, Rep. of	3,624	2,711	3,840
Greece	177	1,083	1,407
Mozambique	0	0	575
South Korea	0	0	499
Malawi	338	262	386
Rhodesia	7,374	4,559	0
Others	1,029	529	768
Total	28,251	27,921	26,977

Italian Canned Peach Pack Down

The 1967 pack of Italian canned peaches is estimated at 833,000 cases (equivalent 24/2½'s), 17 percent below 1966. The Italian pack is mainly freestone varieties. Adverse weather conditions during the season delayed maturity by 2 weeks.

Exports are expected to total 75,000 cases during the 1967 season, 41 percent below last year's level of 127,000 cases. West Germany and the United Kingdom are expected to continue to be Italy's largest export markets for canned peaches.

ITALIAN CANNED PEACH SUPPLY AND DISTRIBUTION [1]

Item	1965-66	1966-67	Forecast 1967-68
	1,000 cases	*1,000 cases*	*1,000 cases*
Beginning stocks (Aug. 1)	—	—	—
Production	1,225	1,004	833
Imports	16	20	49
Total supply	1,241	1,024	882
Exports	97	127	75
Domestic disappearance	1,144	897	807
Ending stocks (July 31)	—	—	—
Total distribution	1,241	1,024	882

[1] 24 size 2½ cans.

Argentine Flaxseed Crop Drops One-Fourth

Argentina's 1966-67 flaxseed production is placed at 430,000 metric tons (16,928,179 bushels), according to the Argentine Department of Agriculture's first estimate. This is 25 percent below last year's crop and 40 percent below the average outturn of the last 5 years. The decline from last year is attributed to the 18-percent reduction in seeded acreage and unfavorable weather in most areas during the greater part of plant development. Trade sources believe the second estimate will be larger, in view of the

prospects of exceptionally good yields expected in Buenos Aires Province, when harvesting begins in late December.

U.S. Livestock and Meat Trade High

U.S. exports of livestock products during the first 10 months of 1967 were larger than those of a year earlier. Lard, tallow, and variety meat exports were 24, 17, and 5 percent, respectively, above those of a year earlier in the first 10 months of 1967. Cattle hide exports continue to decline and are now 10 percent under last year. This drop in cattle hide exports has been due to a depressed world market.

Red meat imports also gained during the first 10 months of 1967 rising 5 percent above those in the same period a year earlier. The increase in imports was led by beef which was up 9 percent. Pork imports were up only 1 percent, while lamb imports were down 34 percent.

Wool imports, however, fell 37 percent from a year earlier. Live cattle imports—mainly feeder cattle—totaled 482,538 head during this period, also off 37 percent.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	October 1966	October 1967	Jan.-Oct. 1966	Jan.-Oct. 1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	406	617	4,501	3,893
Fresh and chilled	1,446	1,418	14,100	4,923
Boneless beef	71,611	84,992	606,334	676,596
Cuts (prepared)	118	102	1,797	1,014
Veal	2,595	1,155	17,321	12,371
Canned beef:				
Corned	(1)	8,317	(1)	71,735
Other, incl. sausage	12,232	1,239	76,616	10,721
Prepared and preserved	3,816	4,489	27,895	31,949
Total beef and veal	92,224	102,329	748,564	813,202
Pork:				
Fresh and frozen	3,041	3,815	34,786	39,603
Canned:				
Hams and shoulders	17,771	16,176	166,579	171,536
Other	4,761	2,478	41,030	33,988
Cured:				
Hams and shoulders	146	157	1,294	1,539
Other	268	345	3,196	3,532
Sausage	306	149	2,057	2,092
Total pork	26,293	23,120	248,942	252,290
Mutton and goat	3,688	3,628	54,065	42,344
Lamb	1,136	1,595	13,856	9,202
Other sausage	582	442	4,863	5,076
Total red meat	123,923	131,114	1,070,290	1,122,114
Variety meats	128	468	2,604	2,612
Wool (clean basis):				
Dutiable	9,710	7,237	142,959	91,109
Duty-free	5,004	6,646	99,042	60,236
Total wool	14,714	13,883	242,001	151,345
Hides and skins:	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	4	31	175	162
Calf	13	23	198	398
Kip	48	23	369	303
Buffalo	41	30	372	313
Sheep and lamb	914	1,190	25,644	18,112
Goat and kid	767	477	9,363	6,230
Horse	8	13	213	133
Pig	221	48	1,912	988
	Number	*Number*	*Number*	*Number*
Live cattle [2]	96,471	62,231	761,142	482,538

[1] Included in other canned beef. [2] Includes cattle for breeding.

Bureau of the Census.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	October 1966	October 1967	Jan.-Oct. 1966	Jan.-Oct. 1967
Animal fats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Lard	14,965	18,498	124,273	153,802
Tallow and greases:				
Inedible	154,045	184,831	1,604,950	1,875,548
Edible	1,917	548	12,555	13,504
Red meats:				
Beef and veal	2,222	2,954	23,896	26,177
Pork	7,116	5,275	39,173	41,135
Lamb and mutton	101	98	1,357	1,389
Sausages:				
Except canned	269	239	1,821	1,936
Canned	86	108	1,036	970
Other canned meats	594	562	6,399	6,703
Meat specialties:				
Frozen	106	254	1,595	1,953
Canned	222	179	1,516	1,903
Total red meats	10,716	9,669	76,793	82,166
Variety meats	25,401	18,893	176,992	186,625
Sausage casings:				
Hog	666	439	5,715	5,069
Other natural	517	421	4,773	3,518
Mohair	826	451	8,484	7,319
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Cattle	—	3,674	—	35,712
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	1,108	931	11,399	10,238
Calf	120	133	1,784	1,552
Kip	25	37	444	381
Sheep and lamb	243	294	2,081	3,136
Horse	5	2	56	54
Goat and kid	34	15	370	242
	Number	*Number*	*Number*	*Number*
Live cattle	3,091	7,063	24,071	40,673

Bureau of the Census.

India's Cane Shortage Acute

Sugar mills in Western Uttar Pradesh, India, which account for about one-fifth of the total 200 sugar mills in the country, have been hit by acute cane shortage because cane supplies were diverted to the manufacture of gur. High prices for this farm-produced brown sugar in the open market enable gur manufacturers to pay more for cane supplies than sugar mills can afford under the existing partial control on prices and movement of mill sugar. Many mills have delayed starting crushing operations, and some that have started have closed down almost immediately for lack of cane supplies. Unless remedial measures are initiated soon, total 1967-68 Indian sugar production may be considerably less than the 3.5-million-short-ton estimate (including Khandsari).

In Maharashtra, the second most important sugar producing State, shipment of cane supplies to mills is reported to be satisfactory.

In Eastern Uttar Pradesh and Bihar, the normal crushing season starts later.

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Conference Explores Italian-East European Farm Trade Outlook

Italy is the No. 4 commercial market in Europe for U.S. farm products, and it is the No. 2 market for those that Eastern Europe sells to the European Economic Community. Recently, Italy took steps to expand its agricultural trade with the East European countries.

Interested in resuming the brisk Italian-Central European commerce of the era before World War II, Trieste and the surrounding region sponsored a conference late this fall on possibilities for increasing trade. Featured were speakers from the Italian Government, two members of the EEC Commission, and scholars from Italy as well as from Belgrade, Warsaw, Budapest, Prague, and East Berlin.

Italian participants in the meeting noted that further expansion of trade with Eastern Europe would be of particular benefit to northeastern Italy. In this area, at present predominantly agricultural, efforts are being made to foster the growth of industry and commerce. The conference viewed Trieste, Venice, and the Brennero, Tarvisio, and Gorizia passes as possibly becoming important channels for East and Central European trade with the Mediterranean area, and frequent mention was made of the possible construction of a canal between the Danube Basin and the Adriatic to facilitate trading. Persons attending the meeting also expressed the hope that their efforts to raise the issue of closer EEC-East European economic cooperation might provide a first step toward more efficient allocation of resources throughout the two areas.

The two-way movement of farm products between Italy and Eastern Europe is already of considerable importance on both sides. In 1966, Italy accounted for 25 percent of the EEC's total trade with Eastern Europe (including Yugoslavia). Only West Germany accounted for more—nearly 40 percent. Of total Italian imports, about 8 percent—worth \$676,830,000—originated in Eastern Europe, and over 43 percent of these imports from Eastern Europe were agricultural. Slaughter animals and meat, vegetables, and oilseeds, nuts, and kernels were the principal agricultural items the East European countries marketed in Italy. These imports came to nearly 11 percent of Italy's agricultural import total.

On the export side the trade was a little smaller but also of importance to Italy. Of Italy's total exports in 1966, 7 percent—worth \$534,416,000—went to Eastern Europe, and about 7 percent of this quantity was agricultural. Fruits and nuts, animals, raw hides and skins, and animal feeds accounted for the bulk of these farm sales to Eastern Europe, which comprised about 4 percent of Italy's total agricultural exports.

According to statistics presented at the conference, EEC-East European trade in all products reached record heights during 1966, even though it still accounted for less than 6 percent of the EEC's total trade with all countries. The EEC imported \$1.8 billion worth of goods from Eastern Europe, of which agricultural products came to nearly 34 percent. These agricultural imports, however, were only 5 percent of the EEC agricultural total. A member of the EEC Commission noted that Eastern Europe's livestock and livestock products (except for eggs and poultry) have assumed increasing importance in EEC countries, while declines have occurred for its cereals.

Of the EEC's agricultural exports in 1966, less than 4 percent—valued at somewhat under \$215 million—went to Eastern Europe. These exports, primarily cereals and cereal products, natural fibers, fruit and vegetables, and raw hides and skins, amounted to about a tenth of total EEC exports to the area.

As for Eastern Europe, professors from that area emphasized plans to reduce agricultural imports by improving farm output. Reaching this goal, they suggested, would free more domestic resources for developing the high-priority industrial sector. Nevertheless, they recognized that East European countries—particularly East Germany and Czechoslovakia and probably Poland and Hungary—will still face substantial agricultural import needs in the future, since complete agricultural self-sufficiency is unlikely in this area. Closer economic ties with EEC countries could, therefore, facilitate these agricultural imports as well as the economic development of their own countries during the transition period.

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